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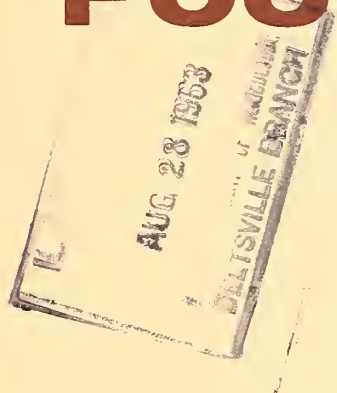


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MARKETING RESEARCH  
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# VEAL CALF POOLING



IMPROVED  
MARKETING  
THROUGH  
GRADING AND  
COMMINGLING

By John T. Haas

FARMER COOPERATIVE SERVICE  
U.S. DEPARTMENT OF AGRICULTURE



FARMER COOPERATIVE SERVICE  
U. S. DEPARTMENT OF AGRICULTURE  
WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, merchandising, product quality, costs, efficiency, financing, and membership.

The Service publishes the results of such studies, confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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This study was conducted under authority of the Agricultural Marketing Act of 1946 (RMA, Title II).

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## Highlights

**F**armers have long faced problems in marketing their veal calves. With only a few calves ready for market at any one time, producers have lacked bargaining power to deal effectively with buyers. The small lots marketed also have created operational problems and inefficiencies for market agencies.

In some areas, producers have improved their bargaining strength by sorting and pooling their veal calves (including baby calves, bob veals, or deacon calves) into lots containing other producers' calves of similar weight and grade. A major objective of pooled selling is to merchandise veal calves more effectively so producers will realize higher net returns. At the same time, market agencies can improve their operational efficiency through pooling.

Farmer Cooperative Service has been making a nationwide study of pooling of all species of livestock. This report is one of a series based on that study. It presents information on the development and present status of veal calf pooling in the country as a whole and contains suggestions for operating successful veal calf pools.

Also included is a detailed discussion of operating procedures of market agencies in Kentucky, Ohio, Tennessee, Virginia, and West Virginia. These States were chosen because of the high concentration of pooling operations there.

Researchers chose at random market agencies representing 51 percent of those known to be pooling calves in this five-State area and interviewed the managers. Mail questionnaires provided information from all agencies known to be pooling calves in other States.

Veal calves have been pooled for over four decades. The oldest pool now in existence is one started in Kentucky in 1922. Several other Kentucky agencies started pooling during the 1920's, and in 1925 the first pool was established in West Virginia. The most rapid growth came during the 1930's and 1940's.

By 1959 an estimated 154 markets were pooling veal calves. These markets, located in 10 States, pooled an estimated 668,000 calves that year. Kentucky agencies pooled the largest volume followed by Tennessee and Virginia.

Over 95 percent of the pooling operations were located in the five-State area and they accounted for over 97 percent of the volume pooled in the United States. Producers in these States received an estimated \$1 to \$2 a hundredweight more for their calves than they would have received had the calves been sold singly.

Nearly all the market agencies studied were auctions. Only 11 percent were cooperative firms and the rest were other types of corporations, partnerships, or individually-owned agencies. Most of the



auctions pooled calves at each of their regular weekly sales in 1959.

Most agencies conducted their pooling operations similarly. They received, graded, weighed the calves, and then penned producers' calves of similar weight and grade together. Over three-fourths of the agencies did not tag calves to identify ownership. About one-third of those in the five-State area had a pre-set delivery deadline after which time no calves were pooled.

Calves weighing from 40 to 325 pounds were being pooled in 1959, but most agencies did not pool the full range of weights. For the most part, agencies sorted calves into pooled lots on the basis of weight and quality. A few also considered breed, color, sex, or all three. Market employees did most of the grading. However, State Department of Agriculture employees were the graders at eight West Virginia auctions and at a few in Virginia.

Weight groups and grades used varied widely between agencies. Agencies in the 5-State area used 56 different combinations of weight groups with weight spreads ranging from 10 to 95 pounds. The most common weight spreads for pooled lots ranged from 20 to 50 pounds.

Some agencies used no grades; others used as many as five. Most used two or three grades. Grade designations varied widely and none of the agencies used U. S. Standards for Grades of Vealers.

All but two agencies sold pooled calves by auction, the rest by private treaty. They sold calves both in pens and in the sale ring. Buyers went to the pens at some agencies; at others they stayed in the sale pavilion.

Most auctions followed a definite sale pattern with respect to weight and grade but this pattern varied greatly between agencies. However, calves that would likely bring the highest price usually were sold first. Most agencies sold some calves singly, generally after pooled lots were sold. None of the agencies allowed buyers to split pooled lots but several did make some provisions for meeting needs of small buyers.

Market agencies in the 5-State area sold an average of 116 veal calves a sale in 1959, over 75 percent of them in pooled lots. Auctions that handled a large total volume of veal calves generally pooled a higher percentage of their calves than did auctions with small volumes.

Twenty agencies said there was no minimum volume of calves necessary to start a pooling operation; 33 recommended minimums of up to 50 calves.

Over 60 percent of the agencies sold from 2 to 9 pooled lots per sale and over 90 percent averaged fewer than 28 calves per lot. Nearly half the agencies recommended there be no minimum lot size; most of the rest recommended minimums of six or less calves. Recommended maximum lot sizes ranged from 10 to 500 calves, with over 30 percent of the agencies recommending no maximum size.

One advantage of pooling to market agencies is that it reduces their operating expenses because calves can be sold more rapidly. Average sale time per lot was slightly over 2 minutes for all agencies and ranged from about 1 to 3 minutes. The resulting saving in sale time averaged 48 minutes a sale for all agencies.

Market agencies in the five-State area usually had an average of four buyers

bidding on pooled calves in 1959. Only three-fourths of them bid on all weights and grades, however.

Over four-fifths of the agencies in the five-State area reported that pooling reduced their operating costs. Assuming it cost these agencies \$50 an hour to operate, they would have saved an average of \$40 a sale, or \$2,080 on 52 sales a year.

This study has led to formulation of several suggestions for operating successful veal calf pools. Among the more important are:

- Study veal calf receipts to determine their makeup.
- Get consignors' and buyers' support.
- Insure sufficient buying competition.
- Get a competent grader.
- Adopt U. S. grade standards and mark grade on calves.

- Grade accurately and keep standards uniform from week to week.

- Keep lots uniform in weight and standardize weight groups.

- Pool calves of all weights and grades.

- Tailor lot size to buyers' needs.

- Sell in pens if possible.

Pooling appears to be well suited for areas of the United States besides the 10 States where it is now being used. It seems particularly adaptable to heavy dairying sections such as New York, Wisconsin, and Minnesota.

Market agencies, both auctions and others, in areas where veal calves are produced in sufficient quantities should explore the feasibility of pooling as part of their marketing program. Cooperative marketing agencies, especially, should seriously consider a pooling program since it is a stepping stone on the path to economic prosperity for their members -- a primary objective of cooperatives.

# Veal Calf Pooling

## Improved Marketing Through Grading and Commingling

by John T. Haas

*Livestock and Wool Branch  
Marketing Division*

Veal calves<sup>1</sup> are primarily a byproduct of the dairy industry. As such they usually are of only secondary importance as a source of income to the producer. To some dairymen, veal calves even become a nuisance product -- a result of the dairy enterprise that must be disposed of. Since dairymen normally breed their cows to freshen throughout the year they usually have only a few calves ready for market at any one time.

These peculiarities of veal production create marketing problems for both producers and market agencies. With only a few calves to sell at a time, producers lack bargaining power to deal effectively with buyers. The small lots marketed create operational problems and inefficiencies for the market agencies handling these calves.

<sup>1</sup>Veal calves, as used in this study, includes baby calves, sometimes called bob veals or deacon calves.

NOTE. - Credit is due Ira M. Stevens, formerly on the staff of the Livestock and Wool Branch, Farmer Cooperative Service, who worked jointly with the author in planning the overall livestock pooling study, collecting data, and preparing three previous reports.

Producers must market their calves as effectively as possible if they are to make the most of this byproduct as an added source of income. Stockmen in many areas have organized cooperatives to help them market their livestock more effectively. Some cooperatives, as well as other types of market agencies, have used pooling to improve the marketing of veal calves.

Pooling is a term that may be unfamiliar to many in the livestock industry, except when associated with lamb marketing. However, it simply refers to a method of handling at the market whereby calves are graded, weighed, and penned with other producers' calves of the same grade and approximate weight. Each group of pooled calves is then sold as one lot. Individual producers are paid for the weight of their calves at the price of the pooled lot.

Pooling is sometimes called penlot selling. In many instances it is known simply as grading.

This report is based on information Farmer Cooperative Service collected in a nationwide study of livestock pooling. The objectives of the study were: (1) To find out the extent to which all species of livestock were being pooled in the





*A typical consignment - producers usually market veal calves a few head at a time. By pooling their calves, producers can offer buyers larger, more uniform lots that will command higher prices.*

United States and how it was being done; (2) to appraise the value of pooling in improving marketing; and (3) to offer suggestions for improving existing pooling operations and aiding other agencies in starting and operating efficient livestock pools.

An earlier Farmer Cooperative Service report, Livestock Pooling -- Improved Marketing Through Grading and Commingling, Marketing Research Report No. 510, was issued in December 1961. It discussed the development and present status of livestock pooling in general, its advantages and disadvantages, problems encountered by market agencies, and solutions they reported. It also gave suggestions for operating successful pooling programs.

This report on veal calf pooling is the third of a more detailed series on pooling operations for individual species. Reports have been published on feeder

cattle and feeder pig pooling; others will cover pooling of hogs and lambs.

Agricultural extension specialists and land grant college personnel in each of the 50 States were contacted to determine the market agencies pooling livestock and the species they were pooling. Results of this survey and followup work indicated that 154 market agencies located in 10 States were pooling veal calves in 1959. Veal calf pooling was concentrated in the five States of Kentucky, Ohio, Tennessee, Virginia, and West Virginia so detailed study was confined to this area.

Information for this report came from 75 personal interviews and 7 mail questionnaires. The agencies interviewed were chosen at random and represented 51 percent of those pooling veal calves in the five-State area. Market agencies pooling calves in all other States were contacted by mail.

# Development of Veal Calf Pooling

The pooling method of handling veal calves is not a new development; some market agencies have used it for as long as 40 years. Most agencies were not quick to adopt pooling, however, and few started using it during the first 10 years after it was introduced.

## Dates Agencies Started Pooling

The year 1922 signaled the start of veal calf pooling in the United States. It began in Kentucky where many auctions started pooling calves when they first opened for business. Pooling then spread to West Virginia where calves were first pooled in 1925.

While several other Kentucky agencies followed the lead of the pioneer market, pooling made relatively little growth during the 1920's. Only one-tenth of the

agencies now pooling began during this decade (table 1).

The most rapid expansion came during the period 1930-39 when two-fifths of the existing agencies started pooling veal calves. This decade saw the first calves pooled in Maryland, Tennessee, and Virginia. About half the agencies in Tennessee, Virginia, and West Virginia and one-third of those in Kentucky started pooling during the 1930's.

It wasn't until the 1940's that agencies in Ohio first adopted pooling. However, two-thirds of the Ohio agencies and over one-fourth of all agencies started during this 10-year period.

While less than one-fifth of all agencies started pooling calves during 1950-59, this period was one of substantial growth in two States -- Ohio and Tennessee.

Table 1. - Percent of market agencies that started pooling veal calves during selected 10-year periods

Area	Percent of agencies starting pooling during					
	1920-29	1930-39	1940-49	1950-59	No answer	Total
Kentucky	28	36	24	12	0	100
Ohio	0	0	67	33	0	100
Tennessee	0	48	22	30	0	100
Virginia	0	50	40	10	0	100
West Virginia	9	55	27	0	9	100
5 States	11	42	29	17	1	100
Other States <sup>1</sup>	0	29	0	29	42	100
United States	10	40	27	18	5	100

<sup>1</sup>Includes only 5 States as 40 reported no veal calf pooling operations.



## Trends in Volume

Pooling has increased in importance as a handling method since its beginning in the early 1920's, particularly in some States. This is evident in the number of market agencies pooling veal calves and the resultant increase in total volume pooled.

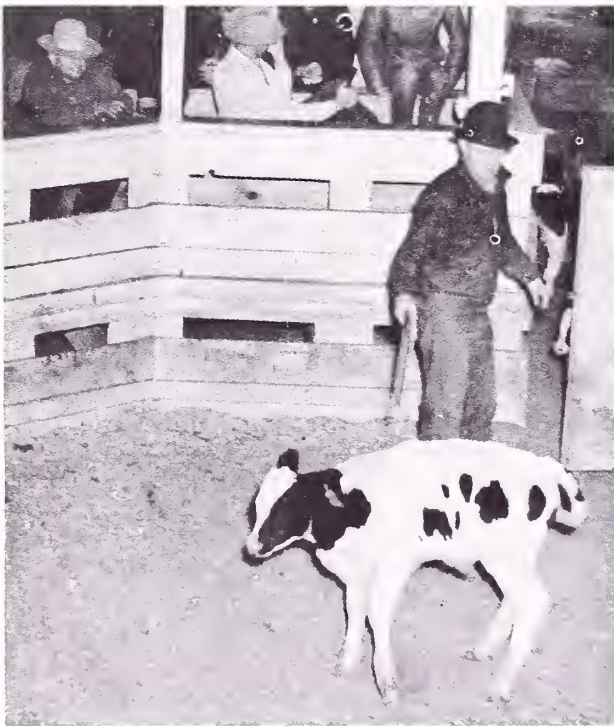
But what was the trend during the period 1950-59?

A number of new calf pooling operations were started during the 1950's. This swelled the total volume of calves being pooled. But this study indicates that over three-fourths of the agencies pooled about the same proportion of their total calf volume over the 10-year period. The proportion pooled increased at only 10 percent of the agencies and it decreased at 6 percent. This indicates that at most agencies, pooling was not increasing in importance in relation to the total volume of calves handled.

## Present Status of Pooling Agencies

Production and marketing of veal calves is as widespread as the dairy industry. Yet, veal calf pooling is limited to a rather small area of the country.

At the time this study was made pooling had not been adopted in any of the most important dairy States where veal calves are produced and marketed in large numbers.



*Market agencies in most areas still sell all veal calves singly. Pooling appears to be well suited to many of these areas, especially where veal production is large.*

This section presents the overall picture of veal calf pooling in the United States as it existed in 1959.

### Number, Location, Type, and Ownership

A total of 154 market agencies were pooling veal calves in 1959 (table 2). The 5-State area made up of Kentucky, Ohio, Tennessee, Virginia, and West Virginia accounted for 147 of the pooling agencies (figure 1). The remaining seven were located in five other States -- Arizona, California, Maryland, New Mexico, and North Carolina.

Kentucky and Tennessee had the largest number of pooling agencies, together accounting for over three-fifths of the total. Outside the five-State area Maryland ranked high with three calf pooling

**Figure 1. Auctions and special sales agencies pooling veal calves, 1959**

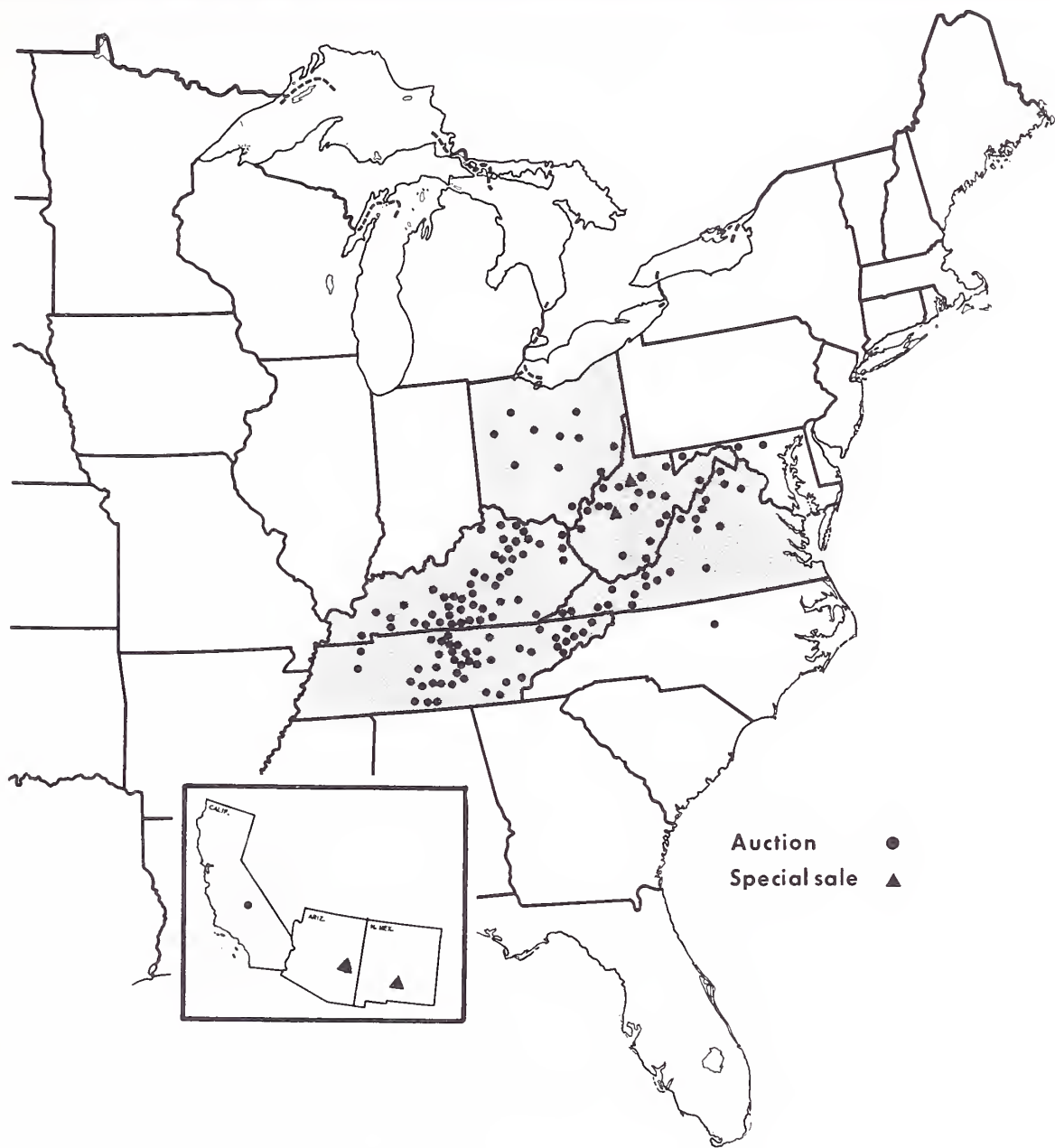


Table 2. - Number of market agencies pooling veal calves, estimated number of calves pooled, and average number pooled per market agency, 1959

Area	Number of agencies	Number of veal calves pooled	
		Total <sup>1</sup>	Average per agency
Kentucky	51	236,000	4,600
Tennessee	44	166,000	3,800
Virginia	21	147,000	7,000
Ohio	11	59,000	5,400
West Virginia	20	43,000	2,200
Total or average	147	651,000	4,400
Other States <sup>2</sup>	7	317,000	2,400
United States, total or average	154	668,000	4,300

<sup>1</sup>Volume estimates for 5 States arrived at by expanding volume reported by agencies in sample. Expansion factors based on sample size in each State.

<sup>2</sup>Includes only 5 States as 40 reported no veal calf pooling operations.

<sup>3</sup>Actual volume reported on mail questionnaires.

operations -- the other four States had one each.

Ninety-five percent of the market agencies contacted were auctions. The rest were special sales agencies organized to hold sales for one or two classes of livestock on a seasonal basis.

It is reasonable to expect that auctions would do the bulk of the pooling since veal calves are marketed throughout the year and a large proportion of them are sold through auctions. Also, auctions seem to be more adaptable to calf pooling than some other types of market agencies because of certain established handling procedures, such as weighing.

Ownership of pooling agencies varied considerably. About one-half were corporations and a little over one-fourth were partnerships. Individually-owned agencies made up only about one-eighth of the total.

Few cooperatives have adopted pooling even though it is essentially a cooperative effort. Less than one-eighth of all agencies and less than one-twelfth of those in the five-State area were cooperatives. One-third of all cooperatives were special sales agencies.

## Livestock Pooled

The volume of veal calves market agencies pooled in 1959 was small in relation to total veal calf marketings in the United States. However, it represented a large proportion of marketings in some individual States. Most agencies pooled other livestock in addition to veal calves.

## Volume of Calves

Market agencies in the United States pooled an estimated 668,000 veal calves in 1959 (table 2). All but 17,000 of these were pooled by agencies in the 5-State area.

Kentucky was high with an estimated 236,000 calves sold in pooled lots. Tennessee and Virginia ranked second and third with pooled volumes of 166,000 and 147,000 calves, respectively. Together, these three States accounted for over four-fifths of the total pooled volume in 1959.

West Virginia agencies pooled less than one-third as many calves as were pooled in Virginia. But, the two States differed by only one in number of agencies pooling.

Outside the 5-State area less than 1,000 calves were pooled in each State, with the exception of California and Maryland. In Maryland -- the highest volume State -- over 11,000 calves were sold in pooled lots.

#### Proportion of Calves Pooled

The proportion of veal calves pooled cannot be figured precisely since the total number marketed is not known. However, a reasonably close estimate can be made.

In 1959 the volume of veal calves pooled represented a little over 5 percent of all calves (veal calves plus others) marketed in the United States. Since total veal calf marketings would be somewhat smaller than marketings of all calves, the proportion pooled would be larger. Therefore, somewhere between 5 and 15 percent of the veal calves probably were pooled in 1959.

The proportion pooled was considerably higher in the five-State area. The estimated volume of veal calves pooled expressed as a percentage of all calves marketed ranged from 30 percent in Ohio to 70 percent in Kentucky. The average

for all five States was 50 percent so that something over half of the veal calves marketed in this area were sold in pooled lots. The proportion pooled may have been as high as 80 percent in Kentucky.

#### Other Livestock Pooled

Nearly 9 of every 10 agencies pooled other livestock in addition to veal calves. Some pooled as many as three other species of livestock. Over two-fifths of the agencies pooled one species in addition to calves and over one-third pooled two additional species. Less than 1 in 15 agencies pooled 3 additional species.

Almost one-third of the agencies pooled veal calves, hogs, and lambs. Over one-fourth pooled calves and hogs and one-tenth pooled calves and lambs. Other combinations reported were: Stocker-feeder cattle and calves, veal calves, and lambs; and stocker-feeder cattle and calves, veal calves, hogs, and lambs.

Some variation between States was evident. In Ohio, Virginia, and West Virginia from 65 to 85 percent of the agencies pooled two or three species in addition to veal calves. In Kentucky and Tennessee, however, about two-thirds pooled calves only or calves and one other species of livestock.

### **Number of Sales**

Agencies pooling veal calves in the five-State area were, with two exceptions, auction markets. All but one of these auctions held 49 to 52 regular sales in 1959 -- one each week, except for holidays.

Four auctions did not pool calves at each of their regular sales because they



received too few calves on some days. The rest of the auctions -- including one that held only 31 regular sales -- pooled

calves at each of their sales throughout the year. The two special sales agencies each held 16 pools during the year.

## Operating Practices

The purpose of pooling is to enable market agencies to increase their operating efficiency and to merchandise their consignors' veal calves more effectively. To fulfill this purpose market agencies should consider a number of important factors that affect the success of a pooling operation. Among these are presale handling procedures, selling practices, sale makeup, sale time, and buying competition.

This section describes the pooling practices and procedures market agencies followed in 1959. By using the best of the techniques employed in these operations, other pooling agencies can improve their own handling efficiency. This information also will serve as a guide for designing new pooling operations for veal calves.

### Presale Handling Procedures

A pooling operation may be broken down into two major phases. First is the preparation phase during which calves are made ready for sale. The second and equally important phase is the actual sale of calves.

During the preparation or presale phase, market agencies perform several important functions such as receiving, tagging, grading, weighing, and penning. Since the performance of these operations varies from agency to agency, presale handling procedures will be discussed in some detail.

### Steps in Handling Calves

Market agencies in the five-State area were asked to describe how they handled veal calves from the time they arrived at the market until they were ready for sale. This information was not obtained from agencies in the other States.

Receiving and Tagging. - As calves were unloaded a dock receipt was issued to the consignor or his trucker. The owner's name and the number of calves and other livestock delivered, if any, were usually recorded on this receipt.

If calves were to be identified for ownership, they were then tagged with numbered ear or hip tags. Some agencies tagged calves before they were unloaded.

Over three-fourths of the agencies did not tag calves that were to be pooled. This was true of all agencies in Kentucky and Virginia, three-fourths of those in Tennessee, and one-half of those in West Virginia. These agencies did tag calves that were to be sold singly, however. The rest of the agencies tagged all veal calves.

Weighing and Grading. - After calves had been received and, at some agencies, tagged they were usually moved directly to the scale. Here they were weighed and in most instances graded.

Grading and weighing operations were performed in one of three sequences.





*Only a few of the market agencies studied tagged pooled veal calves to identify ownership.*

Fifty-five agencies graded the calves first and then weighed them. Sixteen weighed the calves before grading them. Three agencies graded the calves while they were standing on the scale being weighed.

The number of calves agencies weighed in one draft also varied. A few weighed each calf by itself. The majority of the agencies, however, weighed two or more calves together if they belonged to the same farmer and were the same grade and approximate weight. This practice reduces weighing time but requires that calves be graded before they are weighed.

Penning. - Once calves were graded and weighed they were penned with other calves of the same grade and weight. At some agencies the weighmaster announced the weight of the calf and the grader told the yardman what pen the calf was to be

put in based on that weight and the calf's grade. At other agencies the grader announced the grade of the calf and the weighmaster assigned it to the proper pen. In both instances the pen number was recorded on the scale ticket which was then sent to the office.

Office Procedures. - As the scale tickets were received at the office, clerical personnel recorded certain information on the pen sheet. This information included the pen number, each calf's tag number (if tagged), consignor's name, and weight of each calf.

After all calves were in and the pooled lots closed, the agency finished making up the pen sheet. Number of calves in each pen and their total and average weight were calculated and recorded. The pen sheet also had space for recording the selling price per hundredweight, the amount of money each consignor was to receive, and the total value of the pooled lot.

Variations in Handling. - Several variations in handling procedures merit brief consideration. At two agencies in West Virginia calves to be pooled were weighed, tagged, and put in a holding pen. When the pen was full the grader drove the calves into the calf alley where he graded them and put them into the proper pooled lots.

The grader took the scale tickets for all ungraded calves with him to the calf alley. These tickets gave the tag number and weight of the calves so the grader knew how much each calf weighed as he graded it.

After each calf was graded and penned the grader recorded the pen number on the calf's scale ticket. These tickets

were then returned to the office for use in making up the pen sheet.

An agency in Ohio operated in a similar manner except that no grading was done until all calves had arrived.

At another agency calves were tagged in the truck, unloaded, and weighed. All calves believed suitable for either of the two grades the market used were put in a holding pen. Just before the sale started the grader separated these calves into two grades and sorted out any calves that should be sold singly.

In still another variation, calves were penned initially according to their approximate grade. After all calves had arrived each pen of calves was regraded and the final sale lots made up.

All of the three preceding procedures required that calves be tagged.

#### Arrival Deadline for Pooled Calves

Some agencies have had difficulty getting farmers to deliver their calves early enough to allow time for the many things that must be done in a pooling operation. This problem probably occurs more often in new pooling operations, especially if the agency had previously sold calves on the basis of their weight at time of sale.

Some agencies have tried to solve this problem by setting a delivery deadline for farmers who want their calves pooled. All calves arriving after this time are sold singly.

Slightly more than one-third of the agencies in the five-State area stopped pooling calves at a certain preset time. The rest of the agencies had no deadline.

The relationship between the time pooling was stopped and the time the auction sale started varied widely. Some agencies stopped pooling calves as much as an hour before the sale began. Others continued to grade and pool until 2 1/2 hours after the sale had started. The most common practice was to close the pooled lots at the start of the sale.

The time at which pooled lots were closed depended largely on when during the sale pooled calves were sold. Agencies tried to allow enough time to finish preparing the pen sheet before pooled calves were sold.

Several agencies had a standing agreement with buyers whereby late arriving calves could be added to pooled lots already sold. Under this agreement buyers automatically took small numbers of late calves that would have been sold in the pooled lot they bought. Buyers paid the same price for late calves as they paid for the corresponding pooled lot. If the number of late calves was large the market usually got the buyer's consent before adding them to the pooled lot.

#### Weight of Veal Calves Pooled

Market agencies pooled various weights of calves in 1959. However, only 14 agencies pooled calves weighing less than 100 pounds. Seven of these had no lower weight limit and two pooled calves as light as 40 pounds.

Nearly three-fourths of the agencies had minimum weight limits ranging from 110 to 160 pounds. However, the most common lower weight limit for pooled calves fell in the range of 140 to 150 pounds.

On the other end of the scale, none of the agencies pooled calves weighing more than 325 pounds. Seventeen had an upper limit of 300 pounds. Upper limits of 240 to 260 pounds were reported by 31 agencies. One agency in Tennessee pooled nothing but baby, or deacon, calves weighing 90 pounds or less.

### Type of Graders

A market employee graded the veal calves at all agencies contacted in Kentucky, Ohio, Tennessee, and Virginia and at three in West Virginia. Trained graders employed by the State Department of Agriculture did the grading at the other eight West Virginia agencies.

Other sources of information indicate that State Department of Agriculture graders did the grading at a few of the Virginia auctions that pooled veal calves in 1959. However, none of these agencies were among those contacted in this study.

### Criteria Used for Sorting

Nine of every 10 agencies in the 5-State area assigned veal calves to pooled lots based on their weight and quality. Another six agencies also considered the breed of the calf. One Ohio agency sorted calves by weight, quality, breed, color, and sex.

Of the four agencies outside the five-State area that reported this information, one sorted by weight only; two used weight and quality; and one considered the weight, quality, breed, and sex of calves.

Weight Groups Used. - Most agencies in the five-State area used a series of weight groups, or classes, for sorting veal calves. Calves within the limits of a specific weight group could be assigned



*A market employee graded calves at most agencies studied. A competent grader who gets along well with farmers is a real asset in a pooling operation.*

to one of several pooled lots depending on their grade. The use of these weight groups greatly simplifies sorting and penning operations.

Both the weight spread in each group and the number of weight groups used by market agencies varied greatly. Most markets used combinations of several weight spreads. As an example of the wide variation, the 73 agencies reporting used 56 different combinations of weight spreads. These agencies used from 1 to 9 weight groups that ranged in size from 10 to 95 pounds.

Most agencies that pooled calves weighing from 150 to 250 or 300 pounds had one weight class in which calves would average about 200 pounds. This group generally included calves weighing from about 175 or 180 up to about 220 or



230 pounds. However, the lower limit for this group varied from 165 to 190 pounds and the upper limit from 210 to 250 pounds, depending upon the agency. The highest priced pen of calves generally fell in this weight group.

Fifty-eight agencies pooled calves heavier than the group just discussed. Forty-three agencies used only 1 weight group for these heavier calves while 11 agencies used 2 groups.

The number of weight groups used for lighter calves varied considerably more. Thirty agencies put all the lighter calves into one weight group, while 19 agencies used 2 groups, and 9 used 3. Eleven agencies used from 4 to 7 groups for sorting lighter calves.

It should be remembered that the weight of the lightest and heaviest calves pooled varied considerably as pointed out on pages 10 and 11.

The number of weight groups used depended somewhat on the overall range in weight of calves pooled. Agencies that pooled calves varying in weight by only 50 to 74 pounds used 3 or less groups. On the other hand, when pooled calves varied in weight by 200 to 224 pounds, agencies used 6 to 8 weight groups. As the range in weight of calves pooled increased, markets used a larger number of groups.

The weight spread in pooled lots varied with the weight of calves pooled -- it generally was wider for heavy calves than for light ones. The most common weight spreads were 20, 25, 30, 40, and 50 pounds.

The general pattern of number and size of weight groups used showed some

similarity between agencies within States but differed substantially between States. Agencies in Kentucky and Tennessee generally used wider weight groups than did those in Ohio, Virginia, and West Virginia. However, the Kentucky and Tennessee agencies used fewer weight groups.

Market managers made it quite clear that the weight groups they reported were not rigidly adhered to at all times. Rather, they made some adjustments in the weight groups as buyers' preferences and number of calves marketed changed.

For example, if buyers wanted to reduce the average weight of their purchases the agency might lower the top and bottom weight limits of each group by 5 or 10 pounds or more. If buyers wanted the calves a little heavier, the weight limits would be raised.

Also when calves were in heavy supply the weight spread in the groups might be reduced and more groups added. The reverse would be done when calves were in short supply. Market agencies made these adjustments so pooled lots would be best suited to existing market conditions.

Grades Used. - As in the case of weight groups, the use of grades was not at all uniform throughout the five-State area. Some agencies used no grades at all while others used as many as five. However, most agencies used two or more grades to sort veal calves into pooled lots as shown in the following tabulation.

The nine agencies that used no grades did sort on the basis of quality but did not sell more than one grade of pooled calves in each weight group. Agencies

<u>Number of grades used</u>	<u>Number of agencies</u>
0	9
2	30
3	19
4	6
5	11

in Virginia and West Virginia, on the whole, used more grades than did those in the other three States.

More important than the number of grades used is the number of weight groups that were sorted into two or more grades. This information gives some indication of the effectiveness of the pooling operation and the opportunities afforded all farmers to pool their veal calves. Here again, the variation was great.

Twenty-five of the agencies studied in the five-State area pooled two or more grades of calves in each of their weight groups. On the other hand, seven agencies pooled only one grade in each group. However, most agencies pooled more than one grade of calves in one or more weight groups as shown in the accompanying tabulation.

<u>Number of weight groups sorted into more than one grade</u>	<u>Number of agencies</u>
0	7
1	20
2	14
3	12
4	10
5	4
6	2
7	3
9	1

The agencies using only one grade in each weight group were not making the most effective use of pooling from their

own standpoint nor were they giving farmers the opportunity to pool all grades of calves. Those pooling two or more grades in several weight groups were able to pool a larger percent of their total calf receipts and lots could be made more uniform. Of course, these latter agencies generally also used a larger total number of weight groups than did those using several grades in only one group.

Market agencies used a large variety of designations for grades of veal calves. Fancy, tops, and outs were popular grade designations in some States as was the term "butcher" calves. Others simply used No. 1, No. 2, and No. 3; or top, seconds, and thirds. Several agencies used the top three grade designations of U. S. official standards for grades of vealers -- Prime, Choice, Good, Standard, Utility, and Cull. Very few agencies used all these grade designations.

It is doubtful that many agencies were following the U. S. standards for grades of vealers in their grading operation. Rather, they had adopted their own informal set of standards based largely on what buyers wanted.

While most agencies used some grades in their pooling operation, 62 did not mark the grade on the calves. Four agencies in Virginia did mark the grade on some of their pooled calves but not on all of them.

## Selling Practices

The selling phase of a veal calf pooling operation needs to be planned and carried on just as carefully as the presale phase. For it is during this time that price is set and producer returns are determined.



Both phases must be run efficiently and in the most effective manner possible if the pooling operation is to be completely successful.

Following is a discussion of the procedures and practices market agencies used to sell pooled veal calves.

#### Method of Sale

With two exceptions, market agencies sold pooled veal calves by public auction to the highest bidder in 1959. The two agencies that did not sell by auction were special sales agencies in West Virginia that sold calves by private treaty.

It was to be expected that the auction method of sale would predominate since 95 percent of the agencies pooling calves were auction markets.

#### Location of Buyers and Calves

Although most pooled calves were sold by auction, the physical location of buyers and calves at the time of sale was not the same at all markets. At 36 agencies, buyers were seated in the sale pavilion and calves were brought into the ring and sold. All agencies in West Virginia and two-thirds of those in Ohio followed this practice as did a few in each of the other three States. Five of the agencies outside the five-State area also sold their calves in the auction ring.

Occasionally pooled lots were too large for all calves to be brought into the sale ring at one time. When this happened the ring was filled and the excess calves were held in the alley outside the ring. After the bidding was started the out-gate was opened and the ringman started driving



*Most pooled veal calves are now sold by auction. However, pooled calves can be sold by other methods and by market agencies other than auctions.*

the calves out of the ring. While the bidding continued the excess calves were driven into and out of the ring following the others. This procedure allowed buyers to see all calves in the lot yet did not slow up the sale.

Pooled calves remained in the pens during the sale at 27 agencies in the 5-State area. At 21 of these, buyers went from pen to pen as the calves were sold. This was the procedure at over half the Kentucky agencies and nearly one-third of those in Tennessee.

Buyers remained in the sale pavilion at the rest of the agencies that sold pooled calves in the pens. In these instances the auctioneer described each pooled lot to the buyers, or the agency gave each calf-buyer a grade sheet or grader's report. This report listed pertinent information for each pooled lot, such as number of calves, grade, total weight, and average weight. The calves were then sold based on this descriptive information.

Under this system buyers do not see the calves while bidding on them. However, most buyers look at the calves before the sale. Too, if buyers purchase pooled calves regularly at a given market they soon become familiar with the grader's standards and know what kind of calves he puts in each pooled lot. This is true, of course, only if the grading is uniform from sale to sale.

The practice of selling calves in pens has certain advantages to both market agencies and buyers. It means less handling, shortens selling time, and reduces shrink, bruise, and crippling losses.

A third system featured the sale of a few selected lots of calves in pens with

the rest being brought to the sale ring. Buyers stayed in the sale pavilion for the sale of all calves.

This system was in use at five agencies in each of two States -- Kentucky and Virginia. Three Kentucky agencies sold their top pen of calves -- those weighing about 200 pounds -- in pens and the rest in the ring. The other two agencies in this State sold all but their heavy calves (235-300 pounds) in pens. The Virginia agencies sold their best one or two grades of calves in pens and lower grade calves in the sale ring.

Pooled lots of lower grade calves were sold in the ring because they generally were less uniform than the better grades. For this reason buyers liked to see the lower grade calves while they were bidding on them.

### Order of Sale

The exact order in which market agencies sold various weights and grades of pooled veal calves varied widely. This was due in part to the many different combinations of weight groups and grades the agencies used to pool calves. Despite this wide variation, however, some general patterns of sale order were apparent.

Most agencies started with what they considered to be their "top" pen of calves -- the one most likely to bring the highest price. Usually these were calves of the best grade that averaged about 200 pounds in weight. The remaining pooled calves were sold in one of four major sale orders at nearly two-thirds of the agencies. For the most part, these sale orders were designed so that price declined gradually with each subsequent lot sold rather than increased over the price of the previous lot.



In the first of these sale orders, the top pen of calves was followed by the best grade in progressively heavier weight groups until all heavier calves of this grade were sold. Then the best grade of calves in all weight groups lighter than the top pen were sold, starting with the heaviest and working down in weight. This order was repeated for each remaining grade of calves.

For example, suppose a market used three grades and five weight groups, the weight breaks being as follows: 125-145 pounds; 150-180 pounds; 185-225 pounds; 230-265 pounds; and 270-300 pounds. Under this first order of sale, No. 1 calves weighing 185-225 pounds would be sold first. This lot would be followed by the No. 1 calves weighing 230-265 pounds and 270-300 pounds. No. 1 calves weighing 150-180 pounds would be sold next followed by the 125-145 pound, No. 1 pooled lot. The same order would be repeated with No. 2 and No. 3 calves.

In the second order of sale the sequence in which various weight groups were sold was the same as in the first. However, all grades of each weight were sold before selling any calves of another weight.

If the market above followed this sale order, the first lot sold would again be No. 1 calves weighing 185-225 pounds. This would be followed by No. 2 and No. 3 calves of the same weight. The heavier weight groups -- starting with the lightest -- would be sold in the same manner followed by the lighter groups, starting with the heaviest.

Market agencies using the other two sale orders sold weight groups in the reverse order of those just discussed. Here the lighter pooled calves were sold after the top pen, starting with the heaviest

of these calves and working down in weight. Then the heavier calves were sold, beginning with the lightest and working up in weight.

Agencies using the third sale order sold the best grade of calves in all weight groups before selling the next lower grade. For example, the No. 1 calves weighing 185-225 pounds were sold first followed by the No. 1 calves in the 150-180 pound and 125-145 pound groups. Next, No. 1 calves in the 230-265 pound and 270-300 pound groups were sold. No. 2 and No. 3 calves were sold in the same sequence.

The fourth, and most widely used, sale order was the same as the previous one except that all grades in each weight group were sold before going on to another weight group. No. 1, No. 2, and No. 3 calves weighing 185-225 pounds were sold, in that sequence, before selling calves weighing 150-180 pounds and so on.

The majority of market agencies sold pooled veal calves in 1959 in one of the four sale orders just discussed. It should be pointed out, however, that some minor variations were present in many of the agencies' sale orders. Also, several agencies reported that they occasionally changed their order of sale slightly to meet market conditions.

A few market agencies used sale orders other than the four discussed above. However, they were so varied that no common pattern could be established.

The most common reason for selling calves of the best grade and most desirable weight first was to set a high price level at the beginning of the sale. Respondents expressed the belief that this price would set a floor under prices of all other calves and help keep prices at a

higher level. They also reported that the price of this first lot set the tone of the veal market and helped the agency and buyers determine how much other calves were worth.

Another important reason for starting with the best calves was that buyers preferred this order. The better calves generally were in larger lots and buyers could make up their loads more easily if these calves were sold first. Also, many buyers were not too interested in the lower grade calves and would not bid if they were sold before the better grades. But if the lower grade calves were sold later, these same buyers frequently would buy to fill out their loads and would pay a good price.

Some agencies gave no specific reason for using a particular sale order other than it was the customary order used by pooling agencies in their area. Others used a specific sale order because the arrangement of their pens made it most convenient.

### Sale of Single Calves

Most market agencies pooling veal calves in 1959 also sold some calves singly. A few agencies sold over four-fifths of their calves singly while others sold nearly all their calves in pooled lots.

Veal calves were sold singly rather than in pooled lots for several reasons. The reason cited most often was that the calves wouldn't fit in any pooled lot. Some calves just can't be matched up with any other calves because of blemishes, deformities, poor conformation, presence of horns, rough hair coat, and so forth. Others are too good for one grade but not good enough for the next higher grade.

There is no doubt that some calves couldn't be pooled for the foregoing reasons. However, many agencies sold large numbers of single calves simply because they were not using enough weight groups and grades.

Calves of a certain weight and grade cannot be pooled if no pooled lot is set up to handle them. Many agencies used only one or two grades and frequently these were used in only one or two weight groups. Consequently, calves that wouldn't fit in these pooled lots had to be sold singly.

A second reason stems directly from some farmers' desire to have their calves sold individually. A few farmers continue to resist pooled selling despite market agencies' efforts to convince them of its advantages. Other farmers believe their calves are better than the rest of the calves in the pooled lot, contrary to the best judgement of an experienced grader. However, market agencies reported that few calves were sold singly for this reason.

Market agencies also sold some calves singly because they believed the calves would bring more money that way. Baby calves and calves that could be sold as stockers were frequently sold individually. Agencies believed farmers would pay a little more for these calves than slaughter buyers would. Also, calves of outstanding quality and others for which there was a strong demand from small local buyers usually would bring a higher price at some markets if they were sold singly.

Of course, market agencies sold singly those calves that arrived too late to be pooled.

Desirability of Selling Some Calves Singly. - The sale of some single calves

would seem to be desirable if all producers are to receive the highest possible prices. A calf should be sold singly any time this action is likely to result in a higher price to the producer. There are several instances when this situation might arise.

First, some markets often have buyers who are looking for good quality heifer calves for dairy herd replacements. These buyers can and usually will pay a higher price for such calves than slaughter-buyers would. However, they don't want to buy a whole pen of calves to get the one or two they need. When a market knows these buyers are going to be at the sale, some of the better quality heifer calves should be sold singly.

Second, markets will get a few calves from time to time that are too good for one grade and not good enough for the next higher grade. If these calves are sold with the lower grade the owners are penalized. If sold with the next higher grade the owners of the other calves in the pooled lot are penalized. Probably the most equitable solution is to sell this type of calf singly.

Third, some markets are patronized by one or more buyers who are willing to pay a premium for certain types of calves they need to meet the demands of their meat trade. Frequently these are small, local slaughterers who can handle only a few calves at a time. The competition furnished by these buyers is a strong incentive for a market to sell singly some calves of the type these buyers need.

There probably are other situations that would favor the sale of some calves singly. However, the number of calves sold singly should not be greater than necessary to insure equitable treatment and highest possible prices for all producers.

Order of Sale. - The question now arises as to when single veal calves were sold in relation to pooled lots. This varied but over 85 percent of the agencies sold all single calves after the pooled lots.

Market agencies followed this procedure primarily because they believed buyers would pay more for single calves if they were sold after pooled lots. Buyers needing single calves to fill out their loads could afford to pay a little more for them since transportation costs would be little if any higher for the full load than for a partial load.



*Most pooling agencies sold some calves singly. High quality heifer calves such as this one frequently are in demand for herd replacements and should be sold singly.*



Buyers did not like to buy single calves to fill out their loads until after pooled lots were sold. Once pooled calves were sold buyers could tell how many singles they needed.

Management of these agencies also maintained that the high prices set early in the sale on the best pooled calves helped support single calf prices.

Three agencies sold all their single calves before the pooled lots. At one of these, pooled livestock was sold in the pens and buyers did not return to the ring after this stock was sold. Therefore, single calves were sold first.

Another market manager reasoned that when single calves are sold last some of them might bring more than pooled calves because a buyer needed one or two calves to fill out his load. If this were to happen farmers might be discouraged from pooling their calves. This agency therefore sold single calves first.

Five agencies followed yet another sequence in which some single calves were sold before and some after pooled calves. At two agencies all deacon calves that might go back to the farm were sold before the pooled calves. The single calves that would likely be slaughtered were sold after the pooled calves. This allowed farmers to get the calves they wanted and leave. It also gave small veal buyers a chance to bid on a small pooled lot with the knowledge they could still buy singles if they missed the pooled calves.

Another agency sold its heavy single calves first so cattle buyers who wanted them for purposes other than slaughter could get their calves and leave. One Tennessee agency would have sold all

single calves first but some arrived too late and had to be sold after the pooled lots.

### Meeting Small Buyers' Needs

One criticism that might be leveled at pooled selling is that small buyers have difficulty buying the calves they need because they can't handle large pooled lots. Most agencies made no special efforts to meet the needs of small buyers. Many reported that they had no small buyers and thus were not faced with this problem.

However, some small lots of calves usually were available merely because there weren't many calves marketed that would fit in these lots. Also, most agencies sold some single calves that small buyers could purchase.

None of the agencies in the five-State area allowed buyers to split pooled lots of veal calves. The buyer who made the high bid had to take the entire lot.

A few agencies did make some effort to meet the needs of small buyers, especially if they were farmers. One agency let farmers pick out of a pooled lot the calves they would like to buy. These calves were then sold singly. Another agency allowed farmers to take a calf from a pooled lot before the sale and pay for it at the pooled lot price.

At one Ohio agency the buyer specified the number of calves he wanted out of a particular pooled lot. The agency removed that number of calves by a gate cut and sold them right after the pooled lot. If they sold for less than the pooled lot the buyer who made the high bid paid the pooled lot price. Otherwise he paid the price he bid.



*Market agencies usually sold some small lots of veal calves that would meet the needs of small buyers.*

For the most part, market agencies did not make these concessions to small buyers as a regular practice -- it was done only occasionally. When an agency makes such concessions regularly it defeats the basic purposes of pooling and antagonizes buyers who can buy pooled lots. However, market agencies should have some method that is fair for all consignors and buyers of providing for small buyers' needs.

### **Sale Makeup**

This section discusses the volume of calves market agencies sold, and the number and size of pooled lots per sale. Also included are market agencies' recommendations on the number of calves

needed to start a pooling operation and the minimum and maximum size of pooled lots.

The information presented is based on the operations of the market agencies located in the five-State area.

### **Sale Volume**

Market agencies in the 5-State area sold an average of 116 calves per sale in 1959. Of these, 88 were sold in pooled lots and 28 were sold singly.

Average sale volumes of pooled calves ranged from a high of 138 in Virginia to a low of 54 in West Virginia. Agencies in Ohio and Kentucky had relatively high average sale volumes of 106 and 90

pooled calves, respectively. Tennessee agencies sold an average of 74 pooled calves per sale.

The average number of calves individual agencies pooled per sale varied widely, ranging from 9 to 280. The number of agencies pooling various numbers of calves per sale is shown in the accompanying tabulation.

<u>Number of calves pooled per sale</u>	<u>Number of agencies</u>
0 - 39	13
40 - 79	24
80 - 119	17
120 - 159	9
160 - 199	6
200 - 239	2
240 - 279	0
280 - 319	1
No answer	3

The pooled veal calves sold by all agencies in the five-State area represented an estimated three-fourths of their total veal calf volume. The other one-fourth were sold singly.

Pooled calves made up 89 percent of agencies' total veal calf sales in Virginia and 86 percent in Kentucky. Agencies in the other three States sold a smaller proportion of their calves in pooled lots -- from 60 to 66 percent.

Individual agencies pooled from 16 to 100 percent of their veal calf receipts. As shown in the accompanying tabulation, over half the agencies pooled 80 percent or more of their calves.

The total volume of veal calves an agency handled appeared to have some bearing on the proportion pooled. In general, auctions with large total veal calf volumes pooled a higher percentage

<u>Percent of veal calves pooled</u>	<u>Number of agencies</u>
0 - 19	1
20 - 39	6
40 - 59	10
60 - 79	17
80 - 99	37
100	3
No answer	1

of their calves than did auctions with small volumes. A notable exception was a Tennessee agency that sold an average of 300 calves per sale but pooled only about one-sixth of them.

Market managers in the five-State area were asked how many veal calves a market should be handling before starting a pooling operation. Here again, their opinions were diverse.

Managers of 20 agencies, largely in Kentucky, reported there was no minimum volume necessary to start pooling. They expressed the belief that veal calves should be pooled regardless of volume handled.

Sale volumes of 50 calves or less were recommended by 33 agencies as being sufficient to start a pooling operation. Some of the suggested minimum volumes were as low as 2 calves, and 11 agencies believed something less than 25 calves were necessary. However, 12 of the 33 agencies recommended that a market handle at least 50 calves before starting to pool.

Other suggested minimum volumes ranged as high as 200 calves per sale. Six agencies suggested 75 calves and 10 recommended 100. Agencies with small average sale volumes generally recommended a smaller minimum volume than



did agencies with higher average sale volumes.

The position taken by many of the Kentucky agencies that there is no minimum volume necessary to start pooling may be plausible in many instances. An auction would benefit whenever it could sell two or more calves together since sale time would be reduced. Producers might also receive some benefits even though only two or three calves were sold in a lot. However, if a market that handled only a few calves per sale had to hire a grader or incur other additional expenses, pooling probably would not be profitable.

#### Number and Size of Pooled Lots

Market agencies in the five-State area sold an average of eight pooled lots of veal calves at each of their 1959 sales. Agencies in Kentucky and Tennessee averaged only 6 lots while those in Ohio sold 16. Individual agencies averaged from 2 to 25 lots per sale, but most of them sold fewer than 18 as shown in the accompanying tabulation.

<u>Number of pooled lots sold per sale</u>	<u>Number of agencies</u>
2 - 5	27
6 - 9	22
10 - 13	16
14 - 17	4
18 - 21	2
22 - 25	2
No answer	2

In Kentucky the majority of agencies sold from 2 to 5 pooled lots while the majority of Tennessee agencies sold from 2 to 9 lots. Most agencies in the other States sold six or more lots per sale. In general, those agencies that had larger average sale volumes sold more pooled lots.

The average size of pooled lots sold also varied widely. Kentucky agencies sold only 6 lots per sale but had an average of 15 calves in each lot, the highest of any State. A similar situation existed in Tennessee where the average pooled lot contained 12 calves. On the other hand, Ohio and West Virginia agencies sold a large number of pooled lots per sale but these lots contained an average of only seven and four veal calves, respectively. The average for all agencies in the 5-State area was 11 calves per lot.

The average number of calves sold per lot varied from 3 to 53 for individual agencies. The accompanying tabulation shows that most agencies sold fewer than 28 calves per lot.

<u>Number of calves per pooled lot</u>	<u>Number of agencies</u>
1 - 9	32
10 - 18	24
19 - 27	11
28 - 36	1
37 - 44	1
45 - 53	2
No answer	4

Here again, average sale volume appeared to have some bearing on size of pooled lots. The average size of pooled lots generally increased as the volume of pooled calves sold per sale got larger.

#### Minimum and Maximum Size of Pooled Lots

A major objective of pooled selling is to merchandise veal calves more effectively so producers will realize higher net returns. The price buyers are willing to pay depends to some extent upon

the number of calves in the lot. Therefore, lot size plays an important role in effective merchandising.

The most desirable lot size will vary among agencies depending upon their buyers. Pooled lots should be large enough to be attractive to buyers but not so large that the majority can't buy them. Each agency should tailor its lot size to the needs of its own buyers in so far as possible.

The minimum size of pooled lots an agency sells is determined to a large extent by the number and type of calves farmers market. Of course, the market agency's sorting and grading practices do have some influence on minimum lot size. Despite the fact that the agency has little control over the smallest number of calves sold in a lot, it would seem desirable to have a minimum lot size established as a goal to work toward. This minimum should be one that would provide for effective merchandising of veal calves under the agency's own market situation.

The market agency can control the maximum size of pooled lots through adjustments in sorting practices. While grade standards should not be altered, weight groups can be adjusted somewhat so each will include a wider or narrower range of weights to meet needs for larger or smaller lots. Lot size may also be adjusted by selling two lots together or dividing a pooled lot before the sale. The advantages of selling calves in larger lots probably would, in many instances, outweigh the disadvantages of less uniformity. However, adjustments in sorting practices should not be carried to extremes.

An effort was made to determine the minimum and maximum size of pooled

lots needed for effective merchandising. To this end, market managers in the five-State area were asked to indicate the smallest and largest number of veal calves they thought should be sold in one pooled lot. Their opinions differed greatly, especially with regard to the maximum size.

Thirty-three managers thought there should be no minimum lot size. Most of the rest recommended minimum lot sizes of six or less calves, as shown in the accompanying tabulation. Minimums of 15, 20, 25, and 40 calves also were recommended.

<u>Minimum number of calves per pooled lot</u>	<u>Number of agencies recommending</u>
No minimum	33
6 or less	29
10	6
Over 10	5
No answer	2

Market managers recommended maximum pooled lot sizes ranging from 10 to 500 calves. Twenty-three -- mostly in Kentucky -- thought no limit should be placed on the maximum size of pooled lots. These agencies evidently had buyers that could handle any size pooled lot the market could put together from its veal calf receipts. However, the accompanying tabulation shows that most of the remaining managers recommended maximum lot sizes of up to 150 calves.

<u>Maximum number of calves per pooled lot</u>	<u>Number of agencies recommending</u>
1 - 50	13
51 - 100	10
101 - 150	17
151 - 200	7
Over 200	3
No maximum	23
No answer	2

Maximum lot sizes recommended by 4 or more managers were 100, 120, 140, 150, and 200 calves.

Although these minimum and maximum lot sizes probably would not be entirely applicable to other market agencies, they give some idea of how many calves should be sold in one pooled lot.

## Sale Time

One of the principal advantages pooling offers market agencies is a reduction in their sale time. A shorter sale is important to them because it lowers their operating costs and helps keep buyers better satisfied. Buyers don't like to sit in an auction sale for several hours to buy a few head of livestock.

This section examines the time required to sell pooled veal calves at market agencies in 1959. Also discussed

is the estimated time market agencies saved by selling veal calves in pooled lots rather than selling them singly.

## Average Selling Time

We asked market agencies in the five-State area how long it usually took them to sell their pooled veal calves. Most agencies gave an estimate that represented an average for all their sales in 1959. With this information and a knowledge of the average number of pooled lots and number of pooled calves sold per sale, we were able to estimate the average time required to sell each pooled lot and each calf.

An average of a little over 2 minutes was required by all market agencies to sell each pooled lot. The average sale time per pooled lot ranged from a low of about 1 minute at all agencies in Ohio to a high of nearly 3 minutes for all Kentucky and Tennessee agencies.



*Selling in large lots reduces sale time. Market agencies studied saved an estimated 48 minutes a sale by pooling veal calves.*



A few agencies sold each pooled lot in as little as half a minute on the average. Others required as much as 6 minutes to sell each lot. The percent of agencies requiring various average selling times per pooled lot is presented in the following tabulation.

<u>Selling time per lot</u>	<u>Percent of agencies</u>
<i>Minutes</i>	
0.1 - 1.0	19
1.1 - 2.0	29
2.1 - 3.0	21
3.1 - 4.0	16
4.1 - 5.0	14
5.1 - 6.0	1

The estimated average selling time per pooled calf showed more variation than the selling time per lot. Selling time per calf averaged almost 12 seconds at all agencies in the five-State area and varied from a low of 10 seconds per calf in Ohio to a high of 20 seconds in West Virginia. The average sale time per calf was 11 seconds in Kentucky; 13 seconds in Tennessee; and 10 seconds in Virginia.

The shortest average sale time reported was slightly over 2 seconds per calf at one Tennessee agency. Most agencies required less than 20 seconds to sell each calf but at one West Virginia agency average selling time was estimated to be over 85 seconds per calf.

The size of pooled lots has a definite effect on selling time per calf and probably accounted for a large share of the variation between agencies. Little more time is required to sell a pooled lot containing 20 calves than to sell one containing only 5 calves. Hence, the average selling time per calf is smaller when pooled lots are larger.

The accompanying tabulation shows the average selling time per calf for all agencies that sold veal calves in pooled lots of various average sizes. The effect of lot size is evident from this information.

<u>Average number of calves in pooled lots</u>	<u>Average selling time per calf</u>
	<i>Seconds</i>
1 - 9	19
10 - 18	12
19 - 27	7
28 - 36	4
37 - 44	3
45 - 53	4

In general, selling time per calf declined as average lot size increased. But average selling time for calves sold in lots of 45 to 53 was slightly longer than for the next smaller lots.

It appears that the most efficient lot size -- from the standpoint of sale time -- may be about 40 calves, especially if calves are sold in the ring. However, since only 4 agencies sold pooled lots containing an average of 28 or more calves we cannot conclude that this is true. Average selling time per calf might have been somewhat different if there had been more agencies selling pooled lots of these sizes.

While lot size is important, other factors also affect selling time per calf. The efficiency of yard employees, rapidity with which the auctioneer sells, layout of the auction facilities, and age of calves also have a bearing on selling time. This is evident from the variation in selling time per pooled lot and the variation in selling time per calf between agencies with similar average lot size. Nevertheless, market agencies should try to sell pooled veal calves in the largest lots possible without interfering with effective merchandising.

## Sale Time Saved

The amount of time market agencies saved as the result of selling veal calves in pooled lots is not precisely known. However, we were able to develop some estimates based upon information provided by the agencies contacted in this study.

Nearly all agencies sold some calves singly in addition to their pooled calves. These agencies estimated the average amount of time consumed in selling a single calf as well as the average time required to sell their pooled calves. The number of pooled calves sold per sale was then multiplied by the estimated time required to sell a single calf. This calculation gave the amount of time that would have been required to sell the pooled calves singly. This was then compared with the time required to sell the pooled calves to arrive at the estimated sale time saved.

The 71 agencies that provided information on sale time required an average of 17 minutes to sell their pooled calves. Had these calves been sold singly it would have taken 65 minutes to sell them. Pooling, then, saved these agencies an estimated 48 minutes a sale.

Estimated time savings per sale ranged from a low of 15 minutes in Ohio and West Virginia to a high of a little over 70 minutes in Virginia. The estimated average time saved per sale at Kentucky and Tennessee agencies was 56 and 48 minutes, respectively.

On an annual basis, these 71 agencies saved an estimated 2,827 hours of sale time in 1959 as the result of pooling. If this figure were expanded on the basis of the sample size, all pooling agencies

in the five-State area would have saved an estimated 5,650 hours in 1959.

## **Buying Competition**

A good complement of buyers is essential to the success of a veal calf pooling operation. Not only must an agency attract buyers who can handle large pooled lots but it must have buyers who will furnish sufficient competition for every weight and grade of calves sold. Number of buyers, in itself, is not a sufficient measure of competition, since some or all of them may not be interested in buying certain weights and grades of calves.

Market agencies wishing to start a calf pooling operation need to study carefully the makeup of their buyers' demand. If present buyers will not provide the necessary competition for all pooled lots, the agency will need to solicit patronage of other buyers to fill the gaps.

Market agencies in the five-State area had an average of four buyers who usually bid on pooled veal calves at their 1959 sales. This number ranged from a low of 3.3 for all agencies in Tennessee to a high of 8.3 in Ohio.

The number of buyers bidding on pooled calves varied widely between individual agencies. Examples of a complete lack of buyer competition were two auctions that usually had only one bidder on pooled lots. On the other hand, another auction contacted usually had 12 buyers bidding on pooled calves. These were extremes; nearly two-thirds of the auctions had three or four buyers who usually bid on pooled calves.

The average number of calves sold per sale and pooled per sale had some effect

on the number of bidders. Market agencies that sold larger numbers of veal calves per sale generally had more buyers bidding on pooled calves than did agencies with small average sale volumes. The same relationship existed between number of buyers bidding on pooled lots and number of calves pooled per sale.

Not all buyers who bid on pooled lots wanted all weights and grades of calves, however. Some bought only certain weights and grades that met their needs. Thus, competition for some pooled lots was less than for others.

On the average, only three of every four bidders in the five-State area would buy calves of all grades and weights, as shown in the accompanying tabulation. The percentage of buyers who bid on all weights and grades of pooled calves ranged from a low of 32 percent in Virginia to a high of 90 percent in Kentucky.

<u>State</u>	<u>Average number of buyers bidding on pooled lots</u>	<u>Percent of bidders buying all grades and weights</u>
Kentucky	4.0	90
Ohio	8.3	46
Tennessee	3.3	88
Virginia	3.8	32
West Virginia	4.1	78
5 States	4.0	75

All but 14 percent of the auctions had at least two buyers competing for all pooled lots in 1959. As shown in the accompanying tabulation, over half the auctions had three or four bidders who would buy all grades and weights of pooled calves.

Of the agencies with less than two buyers who would take all weights and

Number of bidders  
buying all grades  
and weights

Percent  
of  
auctions

0	3
1	11
2	18
3	30
4	30
5	5
6	3

grades of calves, two had no such buyers. These agencies usually had three and four buyers, respectively, bidding on pooled calves. A total of eight agencies had only one buyer who would buy all weights and grades. Two of these usually had only one buyer bidding on pooled calves and the rest had from two to five. There may have been an overlapping of buyer demand at these auctions so that two or more buyers were competing for most of the pooled lots.

It is not essential that an agency have buyers that will buy all weights and



*Adequate competition for all pooled lots is a necessity. These buyers are bidding on a pooled lot of 65 calves being sold on the basis of a gate-cut sample.*



grades of calves. However, in the absence of such buyers, the demands of other, more specialized buyers must overlap in such a manner that sufficient competition is provided for every pooled lot of calves sold.

## Effect of Pooling on Prices and Operating Costs

The real value of pooling must be measured ultimately by its effect on the efficiency of the marketing system. The price producers receive for their calves and the costs market agencies incur in providing pooled marketing services both are measures of marketing efficiency.

We believe that pooling results in higher prices to producers for their veal calves and lower operating costs to market agencies, but we have not been able to gather sufficient data to prove this. However, some of the information we obtained gives a good indication of the effect of pooling on prices and operating costs.

### Prices

Market agencies pooling veal calves in 1959 generally agreed that this handling method increased calf prices. Over 90 percent of the agencies in the five-State area and nearly 60 percent of those in the other States reported that pooling increased the average prices producers received. About 1 out of every 14 agencies reported that pooling had no effect on price. None indicated it decreased the price.

Several agencies in the five-State area estimated the average amount by which pooling increased veal calf prices. These estimates ranged from \$1 to \$5 a hundredweight, but most of the agencies reported that pooling increased prices from \$1 to \$2 a hundredweight.

Three agencies reported the results of attempts to compare prices of calves sold singly with those sold in pooled lots. One auction manager bought 16 baby calves that were sold through his sale one at a time. He then pooled these calves and resold them as a group about 20 minutes later. The calves brought over \$70 more when sold as a group than they did as single calves.

The manager of another auction bought single calves weighing between 115 and 125 pounds as they were sold in the ring. These calves, too, were grouped and resold almost immediately and brought \$2 a hundredweight more than when they were sold singly.

Still another auction compared the price of 14 single calves with the price of the comparable pooled lot they could have been sold in. These calves had not been pooled because they arrived too late or because the producer wanted them sold singly.

Twelve of the 14 single calves brought from \$1 to \$3.30 a hundredweight less than the comparable pooled lot, or an average for all 12 calves of \$2.11 less a hundredweight. The other two calves sold for \$1.65 and 50 cents a hundredweight more than the comparable pooled lot, or an average of \$1.08 more. The average price of all 14 calves was \$1.65 a hundredweight less than for the comparable pooled lots. Had the owners of these calves sold them in pooled lots they would have re-

ceived a total of \$51.29 more for their calves.

These are only three isolated incidents and are not conclusive proof that pooling does increase the price of veal calves. However, the findings support the opinions of market agency managers who have had considerable experience with pooling.

Further support is provided by a study made by the University of Maryland<sup>2</sup> covering 5 sale days at each of two auction markets. At one market that sold 12 pooled lots per sale, buyers paid from 76 cents to \$4.84 a hundredweight more for 9 lots than they did for single calves of the same weight and grade.

The price paid for the other three pooled lots -- which were the lower weights and grades -- was less than the average price of the comparable single calves. The average price paid for all pooled lots was \$1.35 more a hundredweight than the average price of all comparable calves sold singly.

At the other market, eight of the nine pooled lots brought from 11 cents to \$3.09 a hundredweight more than comparable single calves, and one lot sold for less than the singles. At this market, the average price for all pooled lots was 82 cents above the average for all comparable single calves.

Sixty-seven percent of single calves sold for less than the comparable pooled lot at the first market and 60 percent at the second market, or an average of 63 percent for both. Premium prices were paid for all pooled lots weighing over

130 pounds at the first market and for all but 3 weighing over 125 pounds at the second.

## Costs

Market agencies' opinions also support our belief that pooling lowers operating costs. Over four-fifths of the agencies pooling veal calves in the five-State area reported that it reduced their operating costs. An additional 10 agencies said pooling had no effect on their operating costs and 2 reported that it increased them. Of these latter 12 agencies, 5 paid their employees a fixed daily wage.

While no detailed records are available, several individual comments give some indication of the amount by which pooling can reduce operating costs. One market agency that was pooling veal calves, hogs, and lambs figured this handling method reduced its sale time by 2 to 4 hours. Another indicated that pooling veal calves alone reduced its sale time by an hour, effecting a savings for the market of \$60 a sale. Still another saved 124 minutes during one sale by selling 135 calves in pooled lots. This resulted in a saving of \$31 in labor costs alone.

It has already been pointed out on page 24 that pooling reduces selling time. This saving was estimated at 48 minutes a sale for agencies pooling veal calves in 1959.

The saving in sale time can be converted into actual dollar savings since most agencies have certain operating costs (such as labor, light, heat, and the like) that vary with the length of the sale. Assuming that these variable costs amount to \$50 an hour, each agency would have saved an average of \$40 a sale, or

<sup>2</sup>Smith, John N., and Smith, Harold D. Pen-Lot Versus Single-Head Selling of Calves at Maryland Auction Markets. Univ. of Md. Misc. Pub. No. 391. 1960.

\$2,080 a year based on 52 sales. The 71 agencies reporting would have realized a total saving in operating costs of over \$141,000.

The potential saving to some market agencies is far greater than the savings estimated for the agencies studied. Some agencies located in the principal dairy areas of the country handle from 1,000 to 1,500 veal calves per sale during the heavy runs and sell each calf singly.

Suppose an auction handling an average of 1,000 calves per sale were to start a pooling operation. Based on the findings of this study, the agency could probably pool at least 75 percent of the calves, or 750 per sale. By sorting calves into 5 weight groups and 5 grades, the agency could sell these calves in 25 pooled lots averaging 30 calves each.

Assuming that the agency normally sells an average of 4 single calves a minute, it would take about 188 minutes to sell the 750 calves singly. If the agency required an average of 2.1 minutes (as found in this study) to sell each pooled lot, the 750 calves could be sold in about 53 minutes (25 lots x 2.1 minutes per lot). By selling the calves in pooled lots the agency would save 135 minutes or 2 1/4 hours per sale.

Now, with variable operating costs assumed to be \$50 an hour, the savings from pooling would amount to over \$112 a sale or more than \$5,800 a year for 52 sales. By the same token, an auction handling an average of 1,500 calves a sale and pooling 75 percent of them could realize savings of about \$190 a sale, or almost \$10,000 a year.

The above analysis assumes, of course, that the market agency would not incur

any additional expense in pooling calves. If it were necessary to hire a grader or pay an independent agency for grading services, the estimated savings would be reduced somewhat. Any other added expenses would also reduce savings. However, in most instances added expenses would be far less than the savings, especially for agencies handling a substantial volume of calves.

For this analysis, we assumed that labor is a variable operating cost -- that employees are paid so much an hour for the number of hours they work without any guaranteed minimum. This assumption is not valid in all instances since some markets pay their employees a daily wage regardless of the hours they work. Others pay by the hour but guarantee employees a certain minimum number of hours during light runs. However, most of the agencies contacted in this study paid their employees a straight hourly wage.

The University of Maryland study referred to earlier in this report also found that pooling reduced auction operating costs. One auction studied pooled an average of 150 calves and saved an estimated \$19 per sale, or \$950 a year. Total savings at this auction amounted to \$28.75 a sale. However, this figure was reduced by added operating costs of \$9.75.

Despite the reports that pooling reduces the cost of handling veal calves, only a few agencies levied different commission charges for pooled and single calves. At thirteen, or about one-sixth, of the agencies the commission charge for handling pooled calves was less than for calves sold singly. The rest charged the same commission regardless of how the calves were sold.



Four of the 13 agencies were in Kentucky. Their commission charges for pooled calves were 25 to 50 cents (mostly 50 cents) a head below the charges for single calves.

The other nine agencies were in Tennessee and charged from 25 to 80 cents a head less for pooled calves than for singles. The most common differential was 50 cents.

## **Suggestions for Successful Veal Calf Pooling**

Several suggestions designed to help producers and market agencies establish and conduct successful veal calf pooling operations are presented in this section. These suggestions are based on information obtained from the study and cover four broad areas of pooling -- establishing a veal calf pool, sorting and grading veal calves, handling and selling pooled veal calves, and expanding veal calf pooling.

### **Establishing A Veal Calf Pool**

A number of factors affect the success of a veal calf pooling operation and market agencies should consider them carefully before starting such a project. Among the most important factors are number and kind of veal calves handled, consignors' and buyers' attitudes toward pooling, nature of buyers' demand, adequacy of facilities, order of sale, accounting procedures, and marketing practices in the area.

#### Study Veal Calf Receipts

Before starting a pooling operation a market agency needs to know about how many calves each pooled lot might be expected to contain. If there would be only two or three calves in each lot there probably would be little justification for a pooling operation.

Such information can be developed from a study of veal calf receipts at several

sales. The first step would be to set up the grades and weight groups that would be used in the pooling operation. Next, grade each calf received and record the grade, weight, and tag number. The calves can later be put into pooled lots on paper and the agency can get an idea of the probable lot size if a pooling operation were started. This procedure would also be of value in checking buying competition for pooled calves.

#### Get Consignors' and Buyers' Support

One of the most important factors to be considered in starting a veal calf pool is the attitude of producers and buyers toward pooling. Both groups must be convinced that they will benefit from pooled selling of veal calves. Without their full support a pooling operation is likely to fail.

Therefore, a market agency should develop and carry out a well-organized educational program to inform producers and buyers of the advantages and disadvantages of pooling (see appendix exhibit 1), the procedures used in handling pooled veal calves, and some of the problems that may arise. This needs to be done well ahead of the planned starting date for the new pooling operation.

#### Insure Sufficient Buying Competition

Adequate competition for each pooled lot of veal calves is necessary for the

success of a pooling operation. Both the purchasing capacity of buyers and the weight and grade of calves they normally buy are important factors to consider.

Market agencies should study their present buyers to see if they will provide sufficient competition for all pooled calves. The needed information can be obtained by examining buyers' invoices from several sales and comparing their purchases with the "paper" pooled lots set up to analyze the makeup of veal calf receipts. Management's personal knowledge of these buyers' demands is also a valuable aid in determining if adequate competition exists.

If such a study shows a lack of competition for some pooled lots, the market agency should solicit the patronage of new buyers to fill these gaps in demand.



*A market agency can speed up its pooling operation and reduce penning mistakes by providing suitable pens near the scale. Maximum efficiency cannot be attained without adequate facilities.*

### Provide Adequate Facilities

A veal calf pooling operation cannot function at maximum efficiency without suitable facilities. Market agencies that plan to start a calf pool will want to examine their present facilities to determine their adequacy for pooling. If a pooling operation is found to be feasible, any needed changes should be made in facilities.

Since pooled calves are weighed on arrival one needed change might be the installation of a small scale near the unloading docks. Sufficient pen space is needed for each pooled lot, preferably close to the scale. This may necessitate building new pens or rearranging existing ones. Some rearrangement of alleys may be needed.

If buyers are to be taken to the pens for the sale of pooled calves, the pens will need to be constructed so buyers will have ample opportunity to see the calves.

### Consider Order of Sale Carefully

Before instituting a veal calf pooling operation, market agencies should carefully consider their sale order from two standpoints -- the order in which different classes of livestock are sold and the order in which the various pooled lots of veal calves are sold.

Less time is required to sell pooled calves than to sell single calves. Consequently, the market may wish to sell veal calves earlier in the sale than single calves were previously sold to allow calf buyers to get their requirements and leave. If buyers are to go to the pens for the sale of pooled calves, the market may want to sell these calves while other livestock -- stocker cattle, for example --

is being sold in the ring or during a break in the sale.

The order in which the various pooled lots are sold also is important. Most agencies studied started with the calves they thought would bring the highest price and continued with calves of progressively lower value. In most instances this meant starting with the best grade of calves averaging about 200 pounds in weight. This first sale established a high price and set the tone for the rest of the sale.

Another factor to be considered is the sequence in which pooled and single veal calves are sold. Single calves should be sold after pooled lots for best results.

#### Develop Efficient Accounting Procedures

Accounting and office procedures are somewhat different for pooled and single-head sales of veal calves.

Before starting a calf pooling operation a market agency should develop efficient accounting procedures for handling such sales. Agencies now pooling calves should study their accounting procedures carefully with a view to streamlining them where possible.

#### Pool Other Species if Feasible

Market agencies should seriously consider pooling other species of livestock in addition to veal calves if the volume handled warrants a pooling operation.

By pooling several species of livestock the market can make better use of the grader's services and receive the greatest benefit from pooling. A grader is frequently under-employed when only one type of livestock is pooled. His specialized talents should be used to the fullest extent

possible in order to reduce the grading cost for each animal. Also, operating costs will be reduced more as larger volumes of livestock are pooled.

#### Encourage Pooling Throughout Area

Best results would be obtained from pooling if all market agencies in a particular area started pooling calves at the same time. This would help maintain the same price relationships between the markets as prevailed before pooling was started and buyers could purchase pooled calves at all the markets. It also might help attract more and larger buyers than if only one agency started pooling calves. In addition, if the grading at all markets is to be done by an independent agency, the grader or graders could be employed more advantageously.

### **Sorting and Grading Veal Calves**

Accurate sorting and grading is the heart of an effective veal calf pooling operation. The objective of pooling is to put calves into large, uniform lots that will be attractive to buyers and reflect the true value of the calves in the producers' checks. Several important steps are involved in reaching this objective and building a reputation for accurate grading with both the consignor and the buyer.

#### Get Competent Grader

Selecting and retaining a competent grader is one of the most important jobs a market agency will have in connection with its veal calf pooling operation. Every effort should be made to get the best man available. A grader should have a thorough knowledge of veal calves, be a conscientious worker, be completely unbiased, and have no vested interest in the livestock or the market where he works. It



also is important that a grader be able to get along with farmers.

At most markets studied, veal calves were being graded by market employees. However, grading was also being done by employees of State Departments of Agriculture in at least two States. Grading by employees of a disinterested public agency appears to be the best solution whenever such services are available. There is less opportunity for dissatisfaction with the grading because of suspected favoritism than if each market supplies its own grader. Also, grading standards are likely to be more uniform between markets.

### Stand Firm on Grades

The grader, regardless of who his employer is, should do the best job he can and then stand by his decision. It is also essential that the market agency stand solidly behind him.

### Adopt U. S. Grade Standards

Veal calf grade standards and designations varied widely among the agencies contacted in this study. Grade specifications and designations should be standardized, at least regionally, and preferably throughout the country. Standardization of grading would be facilitated if all market agencies would adopt the official U. S. Standards for Grades of Vealers for grading pooled veal calves. Copies of these standards may be obtained from the Livestock Division, Agricultural Marketing Service, U. S. Department of Agriculture.

Using official U. S. grade standards offers several advantages. Veal calf grades would be uniform between markets, benefitting both producers and

buyers. Uniformity of grades also would facilitate better market reporting and promote description buying on the part of buyers who cannot attend the sale.

In addition, use of these grade standards would make it possible for many graders to follow the calves through to the packer's cooler and compare their live grade with the carcass grade. The U. S. standards for vealers are related to the U. S. standards for veal carcasses and about one-sixth of all commercial veal slaughter is Federally graded.

Grade Accurately. - Regardless of the standards used, calves should be graded accurately and the grades should not be too wide. Accurate grading is essential if producers are to be paid for the quality of calves they produce. Buyers will pay the full value of calves only if they are of uniform grade within the group.

All calves within each weight group cannot be put into the same grade and be expected to be uniform -- several grades need to be used. The use of U. S. grade standards will facilitate accurate grading and uniformity of pooled lots if followed closely.

Keep Grading Standards Uniform From Week to Week. - Buyers are especially interested in having grade standards remain uniform from week to week. After they buy a given grade of calves for several weeks they can study their kill sheets and be assured of getting the same quality calves when they buy the same grade again. If unable to attend the sale they can even telephone their orders into the market with confidence.

The use of U. S. grade standards will help graders maintain uniformity in their grading. However, in order to insure



*Calves within a pooled lot must be uniform if all producers are to receive full value for their calves. This requires sorting by both weight and grade and accurate grading.*

this uniformity, graders should follow lots of calves through the packing plant as frequently as possible to observe the carcass grades.

#### Keep Lots Uniform in Weight

Both weight and grade affect the value of individual veal calves. Therefore, pooled lots should be uniform in weight as well as grade if producers are to receive full value for their calves.

The weight limits set up for each lot should not be too wide. Weight groups

used by market agencies in 1959 varied in spread from 10 to 95 pounds. Some of these weight groups were certainly too wide to insure uniformity. It would seem reasonable to limit the width of any weight group to a maximum of 40 pounds. Even here the weight of calves in a group averaging about 200 pounds could vary by as much as 20 percent. Perhaps weight groups for calves under 200 pounds should be limited to a maximum of 20 to 25 pounds in width.

The weight limits set up for pooled lots should, of course, conform to estab-



lished buying practices. Adjustments in the weight limits may be required from time to time as buying practices change.

Standardize Weight Groups. - The 73 auction markets studied used 56 different combinations of weight groups for pooling veal calves. This extreme variation is a source of considerable confusion to buyers who patronize more than one market. Standardization of weight groups, at least regionally, would benefit producers and buyers, facilitate specification buying, and provide a basis for uniform market reporting.

Watch Excessive Fill. - Some producers occasionally fill their calves excessively. This practice is particularly bad in a pooling operation since calves are weighed on arrival. It is unfair to the buyer and to other producers who have calves in the same lot. Therefore, a strict policy that would exclude excessively filled calves from pooled lots should be adopted and adhered to.

## **Handling and Selling Pooled Veal Calves**

The nature of a pooling operation allows market agencies to adopt more efficient handling and selling practices than those used where calves are sold singly. These practices also help reduce shrink and other losses and make the market agency better able to serve consignors and buyers.

### Do Not Tag Pooled Calves

Over three-fourths of the agencies pooling veal calves in 1959 did not tag calves that were to be pooled. Other species of small stock that are pooled -- lambs and hogs -- also lose their ownership identity when they enter a pooled lot.

Identifying pooled veal calves for ownership therefore appears unnecessary. The expense of providing tags and personnel to do the tagging could thus be eliminated.

### Consider Marking Grade on Calves

Only a few market agencies mark calves to identify their grade. However, this appears to have merit as a measure to improve efficiency and accuracy in grading, sorting, weighing, and penning, especially when calves are not tagged.

One reason for tagging pooled calves is to eliminate the possibility of "losing" calves that may get out of a pen. If a grade designation is marked on the calf it is a simple matter to reweigh it and put it back in the correct pen. Also, if grade marks are used the grader can work nearer the unloading docks and pull out any calves that are to be sold singly so they can be tagged.

Grade marks can be put on with colored chalk, as is done with lambs, or with paint brands as is done with feeder cattle.

### Weigh Calves Together

Market agencies should strive to weigh two or more calves together when possible to increase the efficiency of the weighing process. Anytime a producer has two or more calves of the same grade and same approximate weight, they can be weighed together. All of these calves will be sold in the same pooled lot and the producer will be paid for the total weight of calves he has in that lot.

### Pool Calves of All Weights and Grades

Pooling can be beneficial to all producers regardless of the weight and grade of veal calves they have to market. Con-





*Even owners of baby calves or bob-veals like these can benefit from pooling. All veal calves suitable for grading and commingling should be sold in pooled lots.*

sequently, all veal calves suitable for grading and commingling should be sold in pooled lots. Of course crippled, deformed, and blemished calves or any that will not match up with others in the lot should not be pooled.

Some of the agencies contacted in this study pooled calves weighing from 70 to 300 pounds. However, most agencies pooled only those calves that fell within a limited weight range -- for example, 160 to 250 pounds -- and many pooled only one or two grades of calves in each weight group. The result was that some producers were denied the benefits of pooling for part or all of their calves.

By pooling all weights and grades the market can pool a larger percentage of

its calf receipts, thereby improving its efficiency and reducing its operating costs.

Sell Some Calves Singly. - There are occasions when it is best to sell some calves singly. Frequently a calf is marketed that just won't fit in a lot. If the calf is too good for one grade and not good enough for the next higher grade, it should be sold singly. Either the owner or other producers with calves in the better grade suffer if such a calf is pooled.

In areas where dairying is important, single dairy heifer calves are often in great demand and will usually bring a higher price when sold for herd replacement purposes. Under such circumstances, market agencies should hold the

better heifer calves out of the pooled lots and sell them singly.

With these few exceptions, all veal calves suitable for grading and commingling should be pooled. By having his calf sold singly the individual producer detracts from the cooperation which is the very essence of pooling and takes away some of the advantages to be gained. To derive the full benefits of pooling, producers must all work together.

Tailor Lot Size to Buyers' Needs. - Market agencies should strive to put together pooled lots of a size that will meet the needs of the majority of buyers. A pooling operation should provide for the needs of small as well as large buyers to give farmers maximum returns on their veal calves. In many areas small buyers make up a considerable part of the buying competition.

Not much can be done about the minimum size of pooled lots without altering the weight groups or combining two or more pooled lots. The market can control the maximum size of pooled lots, however, by splitting large lots into two or more smaller ones before the sale. This is one means of meeting the needs of small buyers. Many small buyers can fill their requirements with calves the market sells singly and will not need special consideration.

Avoid Splitting Pooled Lots. - Market agencies should not permit buyers to split pooled lots of veal calves unless this is absolutely necessary to provide adequate competition.

#### Sell in Pens if Possible

One of the practices made possible by pooling and one that adds a great deal

to increased operational efficiency is selling pooled veal calves in the pens. This practice was being followed by several markets in 1959 and is recommended for use in all calf pooling operations where feasible.

Pen selling can probably be accomplished in several ways but two systems were in most general use in 1959. In one system the auctioneer, clerk, and buyers go to the pens where the sale takes place. In the other system, pooled lots are listed on a pen sheet which is given to each buyer and the calves are sold from this pen sheet. The buyers remain in the sale pavilion and do not see the calves while bidding on them.

Pen selling of pooled calves reduces shrink and lessens the danger of bruising, crippling, and even death loss. In addition, it reduces the market's operating expense. It is much easier and faster to move a few buyers from pen to pen or sell calves from a pen sheet than it is to move large lots of calves -- especially young ones -- through the sale ring.

#### Pen Similar Calves in Same Pens Each Week

Putting the same grade and weight of calves in the same pen each week is of real benefit to the buyer. As long as the grader does a good job, the buyer needs to know only the pen number and the number of calves in each pen. He can fill his needs with a quality of product he can depend on without seeing the calves or if he prefers, he can even buy by telephone.

Knowing the kind of calves put in each pen also helps the buyer determine rapidly how many calves of the weight and grade he wants are available at the sale.





*Over half the markets studied sold all pooled veal calves in the auction ring. However, selling pooled lots in the pens is more efficient and should be done whenever feasible.*

## Expanding Veal Calf Pooling

Veal calves, a byproduct of the dairy industry, are produced in many areas of the country. However, in 1959 only 154 agencies in 10 States were pooling veal calves -- and most of these were concentrated in 5 States. This was true despite the fact that people in the industry who have been pooling calves for years strongly believe that producers, market agencies, and buyers benefit from pooled selling.

It is apparent from this study that pooling is a handling method that is well suited for use in other areas of the country. It would be particularly beneficial in heavy dairying sections such as New York,

Wisconsin, and Minnesota where veal calves are marketed in large numbers.

Most veal calf pooling is now done by auctions, but it need not be limited to this type market. Terminal market commission firms could put up attractive pooled lots of veal calves for sale by private treaty with only a slight modification in their operating procedures.

Cooperative marketing agencies, especially, should seriously consider the use of pooling since it is essentially a cooperative venture on the part of individual producers. Pooling is one good way for cooperatives to help their members improve their economic well-being, a primary objective of cooperation.





## Appendix

Exhibit 1. - Advantages and disadvantages of pooling reported most frequently by market agencies contacted in the overall study on pooling, and number of agencies reporting.

	Number of agencies reporting
<b>Advantages to market agencies</b>	
Reduces operating costs	146
Helps increase volume	71
Attracts more and/or larger buyers	45
Can render better service to consignors and buyers	41
<b>Disadvantages to market agencies</b>	
Increases cost of operation	26
Cannot have a perfect grader	15
Requires more office work and bookkeeping	14
Difficult to satisfy some consignors with grading	11
<b>Advantages to consignors</b>	
Receive a higher average price	265
Educational for consignors	123
Can merchandise livestock in packages more attractive to buyers	67
Increases competition for livestock	49
Small consignor has same advantage as large consignor	37
Saves the consignor time	37
<b>Disadvantages to consignors</b>	
Consignors cannot "no-sale" pooled livestock or by-bid without great risk	33
Better producers are penalized by wide quality variation within a pooled lot	32



Exhibit 1. (Cont.) - Advantages and disadvantages of pooling reported most frequently by market agencies contacted in the overall study on pooling, and number of agencies reporting

Advantages to buyers	Number of agencies reporting
Can buy large number of uniform animals in one lot	201
Saves buyers time and expense	194
Know quality of livestock in each lot and can depend on its being uniform from one sale day to another	47
Can determine more quickly what livestock is available	29
Get better quality livestock	29
More sure of getting a load	23
Disadvantages to buyers	
Have to pay a higher price	69
Have to buy lots offered regardless of size	35
Have more competition	20
Shrink on pooled livestock is high	16
Feeder livestock in a pooled lot may not feed out uniformly	15
Livestock in pooled lots may not be uniform enough	13

These advantages and disadvantages are discussed in an earlier Farmer Co-operative Service report, Livestock Pooling -- Improved Marketing Through Grading and Commingling, Marketing Research Report No. 510.







## Other Publications Available

Organizing a Farmer Cooperative, FCS Circular 18

Using Your Livestock Co-op, Educational Circular 4.

Improving Livestock Marketing Efficiency -- A Study of Nine Cooperative Livestock Markets in Ohio, Indiana, and Michigan. General Report 39. Ira M. Stevens and R. L. Fox.

Handling Conditions and Practices Causing Bruises in Cattle. Marketing Research Report 346. Joseph E. Rickenbacker.

A Livestock Market Is Born. General Report 96. C. G. Randell.

Livestock Marketing Cooperatives in California -- Their Progress, Policies, and Operating Methods. General Report 98. R. L. Fox.

Safety-Checking Livestock Trucking To Reduce Loss and Damage. Information 33. Joseph E. Rickenbacker.

Recent Developments in Farmer Cooperative Meat Packing and Processing. Information 18. R. L. Fox.

Ways to Improve Livestock Auctions in the Northeast. Circular 16. C. G. Randell.

Feeder Calf Sales in the Southeastern States. Circular 9. C. G. Randell and Anna E. Wheeler.

Livestock Pooling -- Improved Marketing Through Grading and Commingling. Marketing Research Report 510. Ira M. Stevens and John T. Haas.

Equity Cooperative Livestock Sales Association -- A Wisconsin Operation. Circular 32. C. G. Randell.

Feeder Cattle Pooling -- Improved Marketing Through Grading and Commingling. Marketing Research Report 565. Ira M. Stevens and John T. Haas.

Feeder Pig Pooling -- Improved Marketing Through Grading and Commingling. Marketing Research Report 566. John T. Haas and Ira M. Stevens.

A copy of each of these publications may be obtained upon request while a supply is available from --

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